

## Crédit Agricole Egypt, 2022 Standalone Financial Results - Press Release

The Board of Directors of Credit Agricole Egypt approved the Bank's results for the year ended on December 31, 2022, at its meeting on Thursday, February 9, 2023.

### Main Highlights

- CAE Highest ever Net Profit of EGP 2,419 million, up 52% Year-on-Year
- CAE Customer Deposits reached EGP 60.5 billion, up 25% Year-on-Year
- CAE Gross Loans reached EGP 35.1 billion, up 13% Year-on-Year
- CAE Current and Saving accounts to Total Deposits reached 59.4% up by 602 bps Year-on-Year
- CAE Good quality of assets, Non-performing Loans ratio at 2.8%
- CAE Loans-to-Deposit Ratio at 58%
- CAE Resilient capital structure, Capital Adequacy ratio of 18.69%
- CAE Return on Average Assets of 3.6% and Return on Average Equity of 26%

### Economic Dynamics:

The global inflationary pressures, tight liquidity conditions, challenges on the FX side exacerbated by the geo-political events between Russia and Ukraine have affected Egypt during 2022.

In response, the Central Bank of Egypt took several policy actions to restrict the impact of economic headwinds namely,

- Shifting to a durable flexible exchange rate regime.
- Increase the key policy rates by 800 basis points throughout 2022 to reduce inflation.
- Increased the required reserve ratio for EGP to 18% from 14% in 3Q22 thereby tightening liquidity conditions in the market.

Overall the EGP depreciated by 57% against USD during the year

### Crédit Agricole Egypt: Good performance continues despite persistent challenging environment

Despite the current economic context, Crédit Agricole Egypt maintains its solid performance through 2022, generating a record Net Banking Income of EGP 5,078 million, up 31%YoY, on the back of good performance by business lines, gross loan outstanding reaching EGP 35billion, up 13%YoY, and customer deposits reaching EGP 60.5billion, up 25%YoY.

Robust corporate lending despite current market conditions, witnessing an increase in bookings during 2022, leading to net increase of the outstanding around EGP 3.6billion, achieving a 17% YoY growth with high quality of assets. Corporate customers' deposits grew by EGP 11.3billion, achieving 45% YoY growth driven by low cost deposits with a diversified client base. CAE aims to continue strengthening its position across all corporate segments, via diversified products and service offering to meet customers' needs.

For retail, numerous marketing campaigns were initiated i.e. financial inclusion, mega campaigns (payroll, credit cards, mortgage finance, and customer referral programs etc.), in addition to closed community agreements (clubs and universities), with variety of offers to existing and new to bank customers. CAE aiming to provide the highest level of services and attaining customers' satisfaction, through cross-selling activities, improving customer equipment ratio and credit cards utilization, and increasing new to bank acquisition.



## Dynamic Commercial Activity and Solid Balance Sheet Structure

Commercial activity growth continues to be good across business lines with limited impact due to the evolution of the CDs and FX market thereby providing both Corporate and Individual customers with adequate financial solutions and increasing the active customer base. Gross loans portfolio (*including Loans to Banks*) increased +13%YoY, to reach EGP 35.1billion, while Customer Deposits increased +25%YoY, to reach EGP 60.5billion.

(Clients and Banks)	Dec-22	Sep-22	QtD	Dec-21	YtD
Gross Loans Portfolio	EGP billion	EGP billion	Dec-22 vs Sep-22	EGP billion	Dec-22 vs Dec-21
Corporate Loans	24.5	24.9	-1%	20.9	17%
Retail Loans	9.9	9.9	0%	9.6	3%
Loans to Banks	0.7	0.1	705%	0.4	61%
<b>Gross Loans</b>	<b>35.1</b>	<b>34.9</b>	<b>1%</b>	<b>30.9</b>	<b>13%</b>

Customer Deposits	Dec-22	Sep-22	QtD	Dec-21	YtD
	EGP billion	EGP billion	Dec-22 vs Sep-22	EGP billion	Dec-22 vs Dec-21
Corporate Deposits	36.2	30.4	19%	24.9	45%
Retail Deposits	24.3	23.3	4%	23.3	4%
<b>Customer Deposits</b>	<b>60.5</b>	<b>53.7</b>	<b>13%</b>	<b>48.2</b>	<b>25%</b>

<b>L/D Ratio</b>	<b>58%</b>	<b>65%</b>	<b>-7%</b>	<b>64%</b>	<b>-6%</b>
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\*Corporate and Retail breakdown is based on published financial statements

## Profitability Performance

Net Banking Income (NBI) increased +31% YoY, reaching a record EGP 5,078 million, where Net Interest Income increased +30% YoY, reaffirming the bank's commercial growth and efficient control on the cost of funding. Operating Expenses increased +17% YoY driven by efficient controls on costs despite higher inflation and pressure through EGP devaluation of ~57% (as end of December). Accordingly, cost to Income Ratio (C/I) reduced to 31.8% from 35.5% and Gross Operating Income (GOI) increased +39% YoY to reach EGP 3,461 million.

CAE benefited from lower cost of risk at EGP -134 million, -60% YoY driven by prudent risk management including additional provisions on specific sectors and specific recoveries during the period.

Net Profit reached a record EGP 2,419 million +52% YoY in 2022 driven by higher NBI with effective control on expenses and cost of risk.

QoQ sequentially, NBI and GOI grew by +27% and +34% respectively, where NII increased by +25% on the back of higher yields on earning assets, volumes increase and exercised control on cost of funding, complemented with good momentum on commissions +50% driven by trade finance and cards in addition to control on expenses.

Income Statement	4Q22	3Q22	QoQ	4Q21	YoY	Dec-22	Dec-21	YoY
	EGP million	EGP million	4Q22 vs 3Q22	EGP million	4Q22 vs 4Q21	EGP million	EGP million	12M22 vs 12M21
Net Interest Income	1,205	968	25%	753	60%	3,799	2,918	30%
Fees and Commission	305	203	50%	157	94%	828	571	45%
Other Operating Income	124	115	7%	94	32%	451	383	18%
<b>Net Banking Income</b>	<b>1,634</b>	<b>1,286</b>	<b>27%</b>	<b>1,004</b>	<b>63%</b>	<b>5,078</b>	<b>3,872</b>	<b>31%</b>
Overhead Expenses	-455	-403	13%	-349	30%	-1,617	-1,376	17%
<b>Gross Operating Profit</b>	<b>1,179</b>	<b>883</b>	<b>34%</b>	<b>655</b>	<b>80%</b>	<b>3,461</b>	<b>2,496</b>	<b>39%</b>
Other Income/Expense	14	-27	-152%	1	n.a.	-22	50	-144%
Impairment Charges	-82	-50	63%	-82	1%	-134	-334	-60%
<b>Net Profit before Tax</b>	<b>1,111</b>	<b>806</b>	<b>38%</b>	<b>574</b>	<b>93%</b>	<b>3,305</b>	<b>2,211</b>	<b>49%</b>
Income Tax	-296	-220	35%	-149	99%	-886	-619	43%
<b>Net Profit</b>	<b>815</b>	<b>586</b>	<b>39%</b>	<b>425</b>	<b>92%</b>	<b>2,419</b>	<b>1,592</b>	<b>52%</b>

\*Income Statement figures is based on managerial reporting



### High Quality of Assets, Strong Solvency and Liquidity

NPL ratio at 2.8% remains among the lowest within the banking sector and supplemented by good coverage ratio demonstrating prudent risk management.

The bank’s strong liquidity and capital positions, well above regulatory requirements along with a balanced Loans-to-Deposits Ratio (58%), provides adequate safeguard to absorb shocks, if any, and provide the ability to pursue healthy organic growth in the portfolio.

Key Idicators	Dec-22	Sep-22	QtD Change	Dec-21	Ytd Change
<b>Liquidity</b>					
Loans-to-Deposits Ratio	58%	65%	-7%	64%	-6%
Liquidity Coverage Ratio	448%	666%	-219%	581%	-134%
Net Stable Funding Ratio	175%	163%	12%	185%	-10%
<b>Assets Quality</b>					
Capital Adequacy Ratio	18.69%	19.86%	-1.2%	20.87%	-2.2%
Leverage Ratio	8.61%	9.84%	-1.2%	10.95%	-2.3%
Non-performing Loans Ratio	2.82%	2.92%	-0.1%	3.33%	-0.5%
Coverage Ratio	164.42%	152.56%	11.9%	164.42%	0.0%

\*CAR excluding Top 50 Concentration risk

### Key Business Indicators

Key Idicators	Dec-22	Sep-22	QtD Change	Dec-21	Ytd Change
<b>Non-Financial Indicators</b>					
Staff Headcount	2,515	2,505	0%	2,504	0%
Active Customers	302,081	301,763	0%	296,170	2%
Number of Branches	83	81	2%	81	2%
Number of ATMs	521	457	14%	358	46%

### Digital Development

2022 was an outstanding year for our Digital Services in CAE, banki Mobile has earned for the second year in a row two awards, crowning it as the best Mobile Banking App in Egypt by Global Finance Magazine. The app is not only recognized by international experts but also by our customers who are using it on monthly basis, with the average monthly login per customer close to 10 times/month, and the app rating steadily growing to 4.5 (average on app stores) up from 3.7 in 2021. Our channels have witnessed more than 10Mn logins during 2022, with 2.3Mn Digital transactions executed on our banki Mobile/Online and banki Wallet, with a remarkable 96% of domestic transfers done online. banki Wallet usage and transactions more than doubled during the period, accentuating the contribution of the bank towards financial inclusion in light of the Central Bank continuous efforts. In mid-2022 CAE has launched banki Chat, built on special learning algorithms, the chat bot automatically answered more than 200k customer questions.

The usage of Digital services among companies also continued to remarkably grow, 50% of our companies are equipped with at least one of our Cash Management digital services, approx. 150k digital transactions were sent to the bank via companies of all sizes, (small, medium, large corporate, and Multinationals). 2022 witnessed the launch of CAE latest integration product “banki Connect”, allowing our companies to further automate payments, the service is tailored to suit our customers’ needs regardless their ERP platform or capabilities, offering both SWIFTnet Fileact and Host-to-Host connectivity. CAE also launched Corporate Payment Services platform in collaboration with E-Finance, allowing companies to execute governmental payments online, the migration to the new platform is growing where 10% of governmental payments are processed online.



2022 also witnessed the launch of CAE first Digital Payment Acceptance product “banki Commerce”, onboarding merchants to eCommerce is growing, contributing to the Central Bank’s vision of a “less cash society”, and shifting more towards digital transactions and digital payments acceptance. By the end of 2022, banki Commerce generated a total of EGP 33Mn payment inflows, 27.5K eCommerce transactions processed using the new gateway. Concisely, CAE has an ambitious vision in the Payment Acceptance field, and a unique onboarding journey making it easy for all customers to onboard.

### Corporate Social Responsibility and Foundation activities

As a responsible and committed player, Crédit Agricole Egypt considers Social, Inclusion and Environment pillars across all functions and activities,

For the **SOCIAL** pillar, Credit Agricole Egypt Foundation for Development funds several initiatives including a co-operation protocol with “Misr El Khair Gesr” incubator to launch “Torath” initiative, bridging the gap between craftsmanship and entrepreneurship. A collaboration with “Education First” in “Ebhar Misr” program was made to nurture young talents in science, arts and technology.

For the **INCLUSION** pillar, Credit Agricole Egypt is promoting its special packages for youth: “My First” and has launched in 2022 a new offer for people with disabilities “SAWA” which includes suitable bundle of banking products. The bank also equipped some of its branches to ease the access for customers with special needs. Moreover, all customer applications are supported with audio files and Braille language documents for the visually impaired customers.

In addition, our Women Pioneer program provides young women with on-the-job training, coaching and regular assessments to ensure their career development. In 2022, 45 talents conducted their training out of which nine were hired for full time jobs in the Bank.

Towards **ENVIRONMENT** pillar, Crédit Agricole Egypt issued in October 2022, its first Carbon footprint report regarding the emission of its Iconic Platinum LEED certified head office. In that context and to be socially useful CAE sponsored the COP27 simulation model, a global youth-led climate conference hosted by the British University in Egypt to promote international youth dialogue on international climate action.

### Conclusion

Credit Agricole Egypt continues to leverage on its digital infrastructure, diversified expertise, solid balance sheet structure, high quality credit portfolio, strong liquidity position and adequate capital buffer allowing the bank to pursue its strategic profitable growth by serving its customers as well as the economy.